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Some Expectations of the Workers

By JAMES M. LYNCH

Member New York State Industrial Commission

THE first requisite for a normal output of any factory, mine or mill is fair treatment of the wage earners as to hours, wages and conditions of employment. In these matters the worker is entitled to exercise his right of self-determination. He must be made to understand at all times that the conditions under which he is employed are equal to if not better than the conditions obtaining in other establishments producing manufactured articles of a similar character. I know that countless suggestions have been made as a spur to increase the output, but any purely mechanical means to this end are bound to fail. Underneath the effort must be the basis of human sympathy and human understanding, furnished as a matter of right dealing, as an exemplification of the Golden Rule, expressed in such a way as to help rather than to humiliate. Given fair conditions of employment, the worker will, as a rule, respond with his best effort in the way of production. Made to understand that the employer has a real interest in his welfare, he will reciprocate by a real interest in the advancement of the employer's business. Of course, there are exceptions to this rule as there are exceptions to every rule and, as usual with exceptions, the most will be made out of them by the employer or his representative who is a disciple of what is called the good old-fashioned method of urging the wage earner by personal castigation or threats of discharge to the highest ratio of forced production possible to maintain.

Illustrations of the effort to supply

the thing that is needful and stimulating to employes are manifold, so I have set down here a few that are striking and illuminative. Taken as a whole they may suggest measures of value in particular plants. At least they go to show that creative energy and enterprise recognize that the new era that has come upon us requires new forms of treatment, and as the race is not always to the swift so in industry success is not usually the reward of the prosaic.

The United States Commissioner of Labor Statistics says: "Strikes are insignificant in causing stoppage of work in comparison with unemployment due to dearth of raw material, lack of orders for output, insufficient transportation, lack of a properly balanced organization of industry, lack of an intelligent employment policy for hiring and handling men, failure to make use of the tremendous latent creative force lying dormant in the workers."

A questionnaire sent to seventy employers by the industrial bureau of the Merchants' Association of New York City showed that fourteen firms insure their employes; one firm has an old age pension; two firms give death benefits (one a month's wages; the other six months to a year—up to \$200—depending on length of service); six provide medical attendance; 18 provide rest rooms; 14 state that they pay for overtime; 17 provide lunch rooms, five of which are free. Five of the large firms provide means of recreation, such as bowling and tennis clubs, dressmaking and millinery classes, social

and club rooms, and summer camps. Two of the large firms have classes in stenography, correspondence and Spanish.

PSYCHOLOGICAL TESTS FOR LABOR TROUBLES

According to a recent report, psychological tests are to be advanced as a remedy for some labor troubles, although a word of warning is said:

Psychological tests should not be considered a panacea for all labor troubles. Neither should they be relied on as the sole criteria for selecting applicants for jobs. They are merely to supplement and not to supplant the usual employment procedure. For we agree that employment, after all, except in the more routinized jobs, is a matter of compromise and adjustment. Naturally, tests will never conform to all the exigencies arising in an organization.

It is true that there are a great many pseudo-psychologists, vocational specialists, propagandists and popular publications advocating the wholesale use of psychological tests. There is even a group of psychologists who are advertising tests for sale at so much per hundred. This is something which should be avoided as much as possible.

According to the psychological technique as it is commonly understood, as well as according to the dictates of common sense, no tests can be safely applied without a preliminary trial or series of trials to discover whether the tests proposed actually apply to the particular jobs for which they are intended. Even though the tests have been tried out and used elsewhere, it does not follow that they will do equally well in a new situation or under new conditions.

PENSION SYSTEMS IN INDUSTRY

Private industrial pensions, providing for superannuated employes, and, in some cases, disability, are considered in a report of the Industrial Bureau of the Merchants' Association of New York. The report is based on a survey of 142 systems.

These six essential principles are laid down in the report:

No pension system should be started without competent actuarial guidance.

The problem of "accrued liabilities"

should be given careful and special consideration.

The legal obligation laid upon the corporation should be carefully considered.

The money of the pension fund should be kept entirely separate from all other sources of the corporation.

The solvency of the pension fund is not only dependent upon its original foundation, but also upon the administration after it is set up.

A pension system should be framed in coöperation with representatives from the employes rather than solely by the employing corporation itself.

The report reads:

The fundamental reason underlying almost every pension system is the desire of the employer to assure his employes of independence during their old age, both as a reward for faithfulness and as the best method of performing their duty. A prevalent social theory which the average employer accepts is that an employer should not use the services of an employe during the fruitful period of his life and then heartlessly discard him to the human scrap heap, where he is dependent upon society if he has not been able to accumulate savings from his earnings to care for himself and his dependents during his old age. On the other hand, it is expensive and unsatisfactory to keep an employe who has become inefficient because of old age at his regular position, and it is frequently difficult to find sufficient positions suitable to the capability of or satisfactory to all superannuated employes. The only alternative is to pension them in some way.

Asserting that employes are not as a rule enthusiastic about or appreciative of any benefit which they receive solely as a gift from the employer, given on his own initiative and without consulting their wishes, the report continues:

The intelligent interest of employes can be obtained in two ways: In the first place, by obtaining their whole hearted indorsement before installing a pension system and by coöperating with them in framing the provisions and operating the system after installation; and, in the second place, by making it in fact a system of the employes through financial contributions by

them. The lack of success of pension systems is due in no small degree to the fact that they are usually autocratic and paternalistic, rather than democratic or coöperative.

Few employers of labor appear to realize that there is no greater enemy of efficiency in industry than mere noise. The noise of machinery is accepted as being almost commonplace. The din and bustle of a warehouse is regarded as part of the daily routine. That this clatter, this din, are eating away profits is not recognized, for the reason that the effect of noise upon the human machine has not been taken into consideration.* It is in this field, declares the medical correspondent of the *New York Times Supplement*, that further research work

* We concur heartily with Mr. Frayne in this reference to the noise factor in modern industry. We believe that every manufacturer can well afford to conduct a painstaking survey of his establishment with the single purpose of seeing what can be done to reduce noise. Such survey should cover office as well as shop. Unnecessary noise represents a peculiarly wanton waste in that it must necessarily exert a demoralizing effect on the workers.

In this connection the officers of the Academy announce their purpose to issue, in the fall of 1921, a volume devoted to the development of the aesthetic side of industry. Modern industry has too frequently acted on the assumption that mass production and even economical production must be hideous. We believe that as we learn the deeper lessons as to what genuinely makes for production that the claims of beauty for a place in the production process will be more and more recognized. Already we see the first beginnings of this movement to place the worker by hand and brain in an environment where line, form and color lend some measure of harmony to the daily routine.

The Academy is anxious to have brought to its attention any instances of this kind. It is thought that by bringing together in one volume illustrations covering a wide variety of effort toward the development of beauty in industry that a very telling demonstration can be made.

All communications on this subject should be addressed to Morris L. Cooke, 1109 Finance Building, Philadelphia, who will edit this proposed volume.

THE EDITOR OF THE ANNALS.

is urgently required, for at the present moment waste, and especially waste of human material, is not only an extravagance, but indefensible as well.

"The matter of noise," continues the writer, "cannot yet be set down in tabular form as a profit and loss account. Too long hours, bad lighting, bad feeding, bad ventilation have all been reduced to simple matters of pounds, shillings and pence. The noisy factory has not come within the scope of such a research. It represents one of the thousands of problems which every enlightened employer will soon be considering, and upon which he will demand positive information in the name of business efficiency."

The director of the Department of Research of the National Association of Credit Men says: "High labor turnover has meant dislocation not only as from place to place but as from industry to industry as well. Here again it is obvious that a great deal of efficiency is lost. With the best skill and the best intentions in the world a workman in a new occupation means a waste of time in adaptation to the full speed of productivity."

WHAT IS A LIVING WAGE?

The *New York Commercial* says that labor should have a living wage, with a liberal interpretation upon the word "living." A living wage does not mean just enough to afford shelter and provide clothing for the laborer and his family. It means that they should be well and comfortably housed and well and comfortably clothed; that there should be a sufficient margin to afford wholesome pleasures and ample education for the children; that the laborer is not to be kept down to a basis where he merely lives to work, but rather that he should work to live. He should have margin enough to lay aside something for old age and for the

vicissitudes of life that come to everyone. All these elements must be included in the interpretation of the word "living." It makes contented citizens and better citizens, and such a citizenship makes a strong country.

A LABOR POLICY NEEDED TO DECREASE TURNOVER

The Federal Board for Vocational Education (Bulletin No. 46) says that the reduction of labor turnover begins with the hiring policy, according to a summary of the results of many investigations regarding the stability of the working force in industrial establishments. An almost invariable accompaniment of low labor turnover is a comprehensively formulated and carefully executed liberal labor and employment policy. The chief essentials of such a policy are: (1) Good pay and steady work; (2) the careful selection and placement of help; (3) a well organized employment department; (4) the installation of some system for the hearing and adjustment of complaints.

Studies made in Cleveland, Detroit, Cincinnati and Milwaukee indicated great instability in the labor market. In Cleveland one-third and in Detroit two-fifths of the establishments under view had an annual labor turnover of more than 300 per cent, while three-fifths of those in Cleveland and four-fifths of those in Detroit went above 200 per cent. More than one-half the establishments in Milwaukee reported a turnover of 180 per cent or more yearly. The lowest figure reported for these four cities was 46 in a Detroit plant where only 1 per cent of the changes was due to discharge. A Cincinnati firm reported a 57 per cent and a Cleveland establishment a 65 per cent turnover.

Detailed attention was given to the policies of firms in whose establish-

ments the shifting of workers fell considerably below the average. One firm accounted for the relative stability of its working force largely by its employment policy which requires foremen to interview applicants, although final decisions both in hiring and discharging rest with the department superintendents. This policy greatly increases the chances of securing satisfactory employes and often results in the transfer of men who would otherwise be discharged. Prompt investigation of absenteeism, which is frequently a premonitory symptom of the intention to shift, a high standard for service activities, relatively high wages, increasing with rises in cost of living, the absence of individual efficiency records, which are interpreted as an attempt to "drive" the men, and the existence of an employes' committee to deal with grievances, are believed to be other causes of the satisfactory turnover record in this establishment.

A larger output, which is one of our chief industrial problems, can be secured by increasing efficiency and stability among the workers, says the United States Bureau of Mines. After an intensive investigation of mining camps, it presents the principal conditions necessary to maintain a permanent and productive working force.

A system of physical examinations before employment offers mutual protection to employer and employe, for, when properly administered, it enables the company to avoid unjustified claims for damages, insures the suitable placement of employes and promotes the correction of physical defects. Very few men are actually excluded from work by such examinations. The records of a large corporation employing thousands of men show that only 7 per cent were rejected on first examination. Since, however,

simple operations or other corrective measures rendered 75 per cent of these rejected applicants fit for employment, the total net rejections were only 2 per cent.

An article advocating well-organized medical work in industrial establishments, prepared by C. K. and K. R. Drinker, in the June issue of *Industrial Hygiene*, states that there are 900 plants in the United States which employ a total of 1,500 part-time and full-time physicians. "This number increases constantly. There is no evidence that the employer, once a medical department is established, ever gives it up."

IS PROFIT SHARING A PANACEA FOR INDUSTRIAL TROUBLES?

In a report on "Practical Experience with Profit Sharing in Industrial Plants," the National Industrial Conference Board says that while profit sharing is "no panacea" for industrial troubles it has shown considerable usefulness in particular cases.

Encouragement for continuing experiments with profit sharing and its allied forms is offered by this report in that numerous plans are noted which are achieving decided success. On the other hand, profit sharing is no panacea. It is no solution of the wage problem. But properly understood and utilized it possesses valuable features, and the present revival of interest among industrialists should lead to a basis for further profitable experimentation.

Distinguishing between "true profit sharing" and the various bonus and stock dividend plans, the report says that "the distinguishing feature of true profit sharing is that the amount of profits to be allocated to the workers varies directly, and rises or falls proportionately, with an increase or decrease in the profits realized." Its outstanding characteristics are:

First, the employer engages to distribute to his workers a share of the net profits; second, the

actual percentage of this participation is fixed in advance.

Limited profit sharing conforms in this definition except in the matter of its restricted application.

Wage bonuses are distributions which are decided upon arbitrarily, and bear no predetermined relation to profits; sometimes they are allotted even though no profits have accrued.

Savings sharing plans distribute to the workers a portion of the savings effected in cost of production by increased efficiency and coöperation on their part.

Stock subscription plans emphasize the importance of thrift and are essentially a matter of the employee investing his money in shares of the company's stock, although inducements are usually offered in the form of premiums and easy terms of payment.

Experience with true profit sharing plans points toward two main conclusions:

(1) Judged purely on the basis of their longevity, profit sharing plans are a doubtful expedient since but few of the many plans put in operation have survived a long period of trial.

(2) A critical examination of individual experiences, however, indicates an encouraging degree of temporary success.

The reason for abandonment of true profit sharing plans is found both in circumstances having nothing to do with profit sharing, such as a change in management or ownership, and in those connected with an unsatisfactory working of the plan itself. Of the latter, apathy, dissatisfaction and open hostility on the part of the workers loom large and were found in more than 50 per cent of the cases noted.

Labor unions seem to be uniformly opposed to profit sharing, and difficulties are encountered particularly with unskilled and unintelligent workers. This experience would indicate that efforts at establishing permanently satisfactory relations between worker and employer might better be turned in other directions than that of profit sharing.

A study of the history of abandoned plans, moreover, strongly suggests the thought that plans now in operation, which have inspired enthusiastic testimonials of success, are only at one of the stages of the usual course of a profit sharing plan, that their real test has not come, and that eventually they may fall into disuse.

SICKNESS A FACTOR IN DECREASED PRODUCTION

There have come under my observation a number of establishments in which just the kind of sympathetic interest is manifested by the employer

that is suggested in the foregoing paragraphs, and among the methods used is included attention to the problem of sickness. The cost of labor turnover has been analyzed and explained so often that it need not be further dilated on here except to say that it represents a very substantial part of the overhead in the conduct of any enterprise. Methods that will reduce the labor turnover to a minimum are as valuable in the way of securing increased production as are the most modern labor saving devices. Sickness is one of the prime causes of absence from employment, and absence from employment on the part of the worker means a reduction in product. It is, therefore, of the effects of sickness on the wage earners and the profitable thing for the employer to do in the way of alleviation and correction that I propose to speak in this article.

All wage earners and their families understand the grim truth of the saying: "When the breadwinner falls ill, the wolf is at the door."

Charity organization societies, too, know at first hand how great are the individual and social ravages of sickness. Everywhere, at all times, sickness is the greatest single cause of dependency.

So at the outset let us fix our minds upon two facts that go to the very heart of the present discussion:

(1) Sickness is to blame for fully one-half of the calls upon charity.

(2) Nearly one-half of the vast sums now being spent by public and private charities because of illness among wage-earners will be made unnecessary by the adoption of a simple method of social insurance.

The American workman will endure almost any hardship rather than resort to charity, but sickness with its expenses and loss of earnings is the

"last straw" forcing him down into dependency. First his savings go, then comes deprivation, debts to physician, landlord and grocer, loans from friends and commercial agencies, and, finally, destitution.

The tragedy of sickness to the wage-earner has been vividly suggested by Warren J. Pillsbury of the California Industrial Accident Commission, in urging social insurance as the only effective and economical method of coping with illness among workers, now so costly a burden to society.

"The present method of handling illness of wage earners," he says, "is as follows: The workman, becoming ill, struggles to remain at work as long as possible to avoid loss of wages, and refuses to go to a physician until the last moment because of fear of expense, thus preventing treatment at the time it is most effective—the early stages of the illness. When finally obliged to leave work, the income of himself and his family is ended. His savings will seldom last for more than a week or two of idleness. He then becomes a charge upon relatives, friends and public charity. Worry over his financial condition prolongs his illness. Inability to procure necessary medical and surgical appliances or to take proper rest or sanatorium treatment delays recovery. The children are taken from school prematurely and put to work without adequate preparation, or allowed to go upon the streets. Eventually he may go to the county hospital for a long period of time, and his wife will be taken care of by the Associated Charities, or will undertake work beyond her strength and in turn become ill. The employer has to break a new man into the work. The community, friends, or relatives have to support the family, and the man is inefficiently or haphazardly taken care of because of lack of organized social

endeavor to meet the problem presented."

This picture of the road to ruin, down which so many worthy, industrious, self-respecting working men's families are driven by sickness, is sadly familiar to all of us who come into day-by-day contact with the misery visited upon the toilers by accident and disease. It is because the number thus stricken is so great, and the social consequences so grave, that we in this country are setting about with facts and experience and enlightened purposes to provide an adequate remedy.

We now have available the findings of recent investigations by eleven official state commissions into sickness conditions among workers. These studies—notably those in Illinois, Ohio, Pennsylvania, California, Massachusetts, New Jersey and New York—present a vast body of illuminating data, covering widely separated and diversified industrial sections. And they are in striking and significant agreement as to the appalling extent of sickness among wage earners—an extent even greater than has hitherto been suspected.

LESSONS FROM DRAFT REVELATIONS

Still fresh in our minds are the shocking revelations of the draft as to the physical unfitness of American manhood at the ages when one would expect to find the very pink of condition. In New York, for instance, nearly *one-half* of the young men of 21 to 30 were rejected because they failed to meet the physical standards for military service. The same high percentage was found in Pennsylvania, another great industrial state. The average for the country as a whole was nearly one-third. This is a situation taking first rank among social problems.

What was thus disclosed with respect to young men in all groups has now been amply supplemented by official findings with respect to the wage-earning groups of all ages. It is helpful to an understanding of the relation between sickness and poverty and dependency to examine a few of the principal facts as to the crushing economic effects of sickness upon the workers.

From the Illinois investigation, which is one of the most searching and illuminating inquiries into this subject that has yet been made, we learn that one-third of the men asking for work in eight Illinois manufacturing plants, according to the company doctors, were found to be "diseased and defective." About one-fifth of these men were refused jobs because the doctors found them physically unfit for work. Here is raised an interesting question. What became of these men? Did they get medical aid until well enough to work, or did they go to work—sick as they were and possibly to the permanent injury of their health—for employers who were not so particular? Or did they become submerged in the army of the permanently incapacitated and unemployed—human derelicts?

The investigation discloses that between 20 per cent and 30 per cent—nearly *one-third*—of *all* workers are so sick that they have to remain away from work for eight days or more during every year. Time lost in a year by workers who are sick varied from 29 days among those in a group of "company funds" to 51 days among those discovered by house to house inquiries. Among workers who are sick for more than a week, two out of three will be sick for four weeks or less; one out of five will be sick from four to eight weeks; one out of fourteen will be sick from eight to twelve weeks.

The Illinois state investigation, in agreement with official studies in other industrial states, shows that the wage earners lose many millions of dollars every year because of illness and that large numbers are thus forced over the line from independence into dependency. In Illinois it is found that each year the workers lose in wages alone, because of sickness, the large sum of \$35,000,000, while in addition they have to pay out each year about \$11,000,000 for medical care. This runs about the same as for the other states; in Pennsylvania, for instance, the yearly wage loss due to sickness, figured at the rate of \$2 a day, is \$33,000,000; in New York it is \$40,000,000.

LOW WAGES A CAUSE OF INCREASED SICKNESS

The Illinois report shows, significantly, that families having the *lowest wages* have the *most sickness*. These low wage families are most often obliged to run into debt because they are unable to bear the entire expense of sickness. Workers' families having sickness fall into debt three times as frequently as families having no sickness. Wage earners with large families of children under fourteen most frequently fail to stand up under the crushing burden of sickness and are forced to seek charity. Many families visited by sickness preferred to undergo severe hardships rather than appeal to charity. For every family that asked for charity, it was found, three families met their reverses due to sickness by leaving their bills unpaid, and two families sent wives or children out to earn money.

"The basic fact stands out," the commission concludes, "that the great majority of families with only one breadwinner and four or more children

not over fourteen years of age are already in poverty, just at the edge of dependency. An acute illness pushes the family into dependency because of its necessary 'hand to mouth' existence."

The Illinois commission made a special, intensive investigation into sickness as a cause of poverty. Briefly it was found that:

(1) Eight charity organization societies outside of Chicago attribute to sickness chief responsibility in upward of one-third of the cases seeking relief in the year 1917-18;

(2) One-fourth of the poverty in Chicago in 1917-18 in the wage-earning families of the block study was accounted for by the loss of wages and sickness costs involved in disabling illness;

(3) An intensive study of a group of charity families indicated that the majority of these families had been economically independent prior to disabling illness; that the dependency risk due to sickness varied directly with the lower economic status of the family, and that chronic diseases, including tuberculosis, were responsible for two-fifths to one-half of all dependency resulting from physical disability;

(4) On the basis of a study of the experience of charitable agencies in Chicago (covering eight years) sickness was charged with *one-third* to *one-half* of all the causes or problems entering into dependency;

(5) A constant and more or less definite fraction of poverty and dependency must be charged to disabling sickness of the wage earner and the members of his family.

The condition here demonstrated has long been recognized by those engaged in relief work and in combating conditions that lead to economic distress and destitution. The New

York Board of Charities in its annual report for 1918 states that:

The health of working men and their families is as a general thing poorly looked after. The sick one is apt to keep about his work after he has become ill and even when compelled to stop will often delay calling a physician. Likewise he will return to work sometimes before he is able to do so. A large amount of funds contributed by private charities for the care of families in their homes is made necessary because of illness. Studies of charitable work have made the proportion more than 50 per cent. In a study of 31,481 charity cases by the United States Immigration Commission in 1909, sickness was a factor in 38.3 per cent of the total number. At least half of this expenditure would be met in whole or in part by a system of health insurance. About 60 to 80 per cent of the expenditures of the New York Association for Improving the Condition of the Poor is for relief made necessary by sickness. Of the 75,000 persons whom the Boston District Nursing Association aid every year, nearly 50 per cent are unable to pay for nursing care. The Buffalo Charity Organization Society reports that for 1916 more than 78 per cent of the poverty was due to sickness.

More recently as the result of an investigation, Dr. Louis I. Harris of the New York City Department of Health stated in an article in the *New York Times*:

The facts gleaned in this investigation cannot but help to give one whose point of view is at all altruistic a revelation of the need for health insurance because it shows how any illness may overthrow the economic balance which has been precariously maintained by a family and conversely it shows how illness may be produced or aggravated or recovery retarded by general economic changes.

A study by the Pennsylvania Health Insurance Commission of the cases coming to the United Hebrew Charities of Philadelphia shows that for the last five years sickness was figured as the main problem in each year's work—running from 39 per cent to 65 per cent. Seven Pennsylvania cities, through their associated charities, furnished detailed information showing that illness was the main factor in dependency of 41 per cent of the

families in one city; 54 per cent in another; and for the rest, respectively, 44 per cent; 88 per cent; and 90 per cent. The Commission's report reads:

In 1914-15, the great year of unemployment, in the 10,488 families asking aid from the Philadelphia Society for Organizing Charity the problems of unemployment numbered 4,237, while the illness problems were 3,867, a difference of but 870. This is another instance of the fact that even in a panic year, where one reason for dependency asserts itself so strongly, sickness is a steady factor.

The trail of sickness disaster leads not to charity alone; all too frequently it goes on to end in the poorhouse. The state investigation in Ohio covering 22 typical county infirmaries, uncovered the fact that more than 29 per cent, or nearly one-third, of those in the poorhouse have been driven there by disease.

In the ordinary Ohio county infirmary, those temporarily sick, the hobo, the permanently disabled by sickness or accident, the feeble-minded, the partially insane, the epileptic, the old and infirm and the deformed represent the different types to be found. . . . Of the 2,260 infirmary inmates of whom a detailed study was made, it was possible to obtain information in regard to the most important cause of poverty in 1,608 cases. Disease, sickness or accident was given as the most important cause of dependency in 29.9 per cent of the total number of cases.

WAGE EARNERS RESIST CHARITY

It must be said in passing that these investigations all show the most desperate resistance by the workers and their families against being forced upon charity by sickness. Those large masses whose low wage scales keep them always dangerously close to the bare margin of existence are the first to fall into dependency when stricken by illness; nevertheless they are found bravely resorting to all possible expedients rather than appeal to charity. Here is a tribute to the self-respect of the American workingman.

Light is thrown on this aspect of the

problem by studies made of small chattel loans advanced to workers by commercial loan agencies. The Morris Plan bank of New York City—where some 70 per cent of all the loans were under \$100 and 30 per cent under \$50—reports that sickness and death constitute the most frequent cause for borrowing—an experience not unlike that of the relief societies. The Ohio Health Insurance Commission secured information from remedial loan societies throughout the country asking for information as to the extent to which loans were made on account of sickness. In those cities which have established Morris Plan banks or similar institutions thousands of working men avail themselves of this means of borrowing upon their own credit when need arises. In this group which more nearly represents the rank and file of the more substantial workers, the evidence of the burden of sickness is plain. The Chicago Morris Plan bank, for instance, compiled statistics in February, 1918, for 6,510 loans and the results showed that 20 per cent were made on account of sickness and death. Reports received from 21 states and the concensus of statistics and opinions as to remedial loan institutions, generally, show that from 30 to 50 per cent of loans were due to sickness—impressive evidence of the burden of sickness.

The economic disaster so caused by sickness is due to the uncertainty with which sickness visits the individual. The individual cannot foresee the occurrence of illness nor its duration: if he is to have adequate protection he must be prepared at all times to defray the expenses of a maximum period of illness. But this maximum provision by each individual is financially impossible. Moreover, provision for, say, six months' illness by each individual even if it were possible, would be

unduly extravagant. Sickness distributed among all workers averages about nine days a year. This sickness is confined to something like 20 to 30 per cent of the workers; and of these, illness of six months' duration is limited to approximately 3 per cent. From the standpoint of sickness prevalence alone, it is wholly unnecessary that every individual, sometimes at the sacrifice of present necessities, should prepare himself to meet the misfortune which will annually overtake less than 1 per cent of the entire group. The economical method would be to pool the savings for sickness, each contributing to a central fund sufficient to cover the annual average of nine days' sickness—a fund from which the 20 to 30 per cent who are sick may draw. The whole problem is one for practical application of the insurance principle. It is a social problem; the remedy lies in social insurance.

SOCIAL INSURANCE THE REMEDY FOR SICKNESS LOSSES

It is true that recognition of the advantages of the insurance method has already led to the development in this country of health insurance by commercial insurance companies, establishment funds, fraternal organizations and trade union funds. But official investigations have shown that only a small portion (in Illinois it was found to be less than one-third) of the wage earners are protected against sickness by any form of insurance; that the payments are insufficient; that the benefits rarely include necessary medical care; that commercial insurance is highly expensive and limited mostly to mere funeral money; and that those who need insurance most—the low wage families, who are closest to the line of dependency—are now without it.

Figures show that workers who carry industrial life insurance in the stock companies operating for profit have to pay \$1 for every 60 cents that is returned to them in burial benefits. The other 40 per cent is taken to pay heavy office expenses, agents' commissions and profits.

Adoption of social insurance laws in the United States, similar to the bill now before the people of New York State, will be followed with marked benefits in distributing the burden of sickness losses, covering sickness costs and eliminating or reducing disastrous deficits that are driving workers into poverty and dependency.

The painstaking investigation in Illinois in this connection has brought out the encouraging estimate that of a group of families experiencing downward shifts in economic status due to sickness, 30 per cent would have had sickness costs completely covered under health insurance legislation, and approximately 85 per cent would have had them either covered or considerably reduced (60 per cent or over); that the proposed health insurance law would have *prevented* a considerable proportion of poverty and dependency caused by sickness; that the reduction in poverty caused by the year's sickness would have been about three-fourths; and that the highest reduction to be expected through workmen's health insurance, in the cases of dependency caused by sickness, is one-half.

It must be remembered that, aside from public and private charity, the burden and the cost of sickness under existing conditions is borne entirely by wage earners. This is unjust and anti-social. Industry is partly responsible for the sickness of wage workers. Careful studies have indicated that industry is responsible for about one-half of the workers' illness.

Industry is certainly responsible to the extent that unhealthful conditions of work tend to breed sickness among workers. The whole community, too, is responsible at least in the degree that it fails to take preventive measures against disease and epidemics. Among the contributory causes of sickness for which industry itself is responsible may be mentioned unsanitary work places; fatigue due to standing, noise, monotonous work; speeding up due to piece work; working seven days a week; alternating day and night shifts; and long hours.

THE PROBLEM OF OCCUPATIONAL DISEASES

In a very few kinds of industrial illness, such as lead poisoning and anthrax, the direct responsibility of industry can be clearly proved, and such sicknesses are termed occupational diseases. It is possible to furnish protection in such cases through workmen's compensation laws, but even then only a very little measure of relief is afforded because the number of occupational disease cases compensated is very small compared with accidents, and smaller still when compared with the total amount of sickness among wage earners.

Dr. Alice Hamilton, a medical expert, well-known authority on occupational diseases and member of the Illinois Health Insurance Commission, points out: "It is safe to say that the greater part of industrial sickness of which industry is either an exciting or contributory cause, is not yet recognized as industrial nor provided for by law."

The United States Public Health Service, in a favorable report on the relation of workmen's health insurance to the public health, says that: "There is no longer any doubt that modern industry is responsible for a consider-

able proportion of workingmen's physical ills."

The Pennsylvania commission informs us that "79 per cent of all the deaths of persons of working age in one year were from diseases whose connection with important Pennsylvania industries has been established."

Industry, therefore, should bear half the cost of social insurance. The worker, by assuming the other half of the cost, will take care of the full proportion of sickness for which he, himself, is responsible. Organized labor in America is strongly demanding sickness protection, including maternity benefits. The workers have known at first hand the deplorable conditions now so clearly proved by all these official investigations. That is why no less than 21 state federations and 29 international organizations have gone on record for workmen's health insurance laws.

As Dr. John A. Lapp, managing editor of *Modern Medicine*, and director of investigations of the Ohio State Health Insurance Commission, said in a recent address before the American Association for Labor Legislation, in reviewing the findings of all these official commissions:

The case for compulsory health insurance is fully made up by the eleven reports of official state commissions. It seldom happens that the evidence is so overwhelmingly one way. The reports indicate clearly the nature and effect of the sickness calamity. They prove that existing provision for sickness care and prevention for wage earners are utterly inadequate. Finally, they show that coöperative measurement of the burden and collective action through social insurance is the logical way out.

The conditions calling for an immediate and adequate remedy have indeed been made plain to us by these studies. *They have demonstrated that in from 35 to 80 per cent of the calls on organized charity the principal factor is sickness; that 30 to 50 per cent of the loans to*

workers by such agencies as the Morris Plan banks are forced by sickness; that about one-fourth of all workers are so sick that they have to remain away from work for eight days or more every year; that fully one-third of those too sick to work are without medical care; that families with the lowest wages have the most sickness; that probably 50 per cent of this sickness is due to health hazards in industry over which the workers have no control; that one-third of those in the poorhouses have been driven there by sickness.

UNIVERSAL HEALTH INSURANCE

Here is a condition calling for preventive and remedial work which will be effective only through universal health insurance. The proposed health insurance bill, as now developed after many consultations with representative committees of all groups affected, provides a cash sickness benefit (to keep the wolf from the door and spare self-respecting workers from resorting to charity when illness cuts off earnings); adequate medical care (to detect and remove incipient illness before it becomes chronic, to restore the sick worker to health and normal productive powers and to keep him so) and a funeral benefit as under the workmen's compensation law. It also provides a maternity benefit for an insured woman or the wife of an insured man including medical care and, in addition, a cash benefit paid for not more than eight weeks to an insured woman worker.

The benefits will be administered by local mutual organizations or "funds." Employers and workers have equal control over the "funds," thereby insuring democratic management under the general supervision of the State Industrial Commission.

The cost, amounting on the average, it is estimated, to about 3 per cent of wages, is to be shared equally by

employers and workers, the state bearing only the nominal cost of central supervision, as in workmen's compensation.

The head of the central health insurance bureau is to be a physician, county medical societies are given the power of initiating the fees to be paid by the insurance funds for all medical service and in other ways the economic interests of the medical profession are fully safeguarded.

Private industrial insurance companies, operating for profit, are prohibited from doing business under the health insurance act so the benefits may be provided at actual cost.

Sickness in industry causes more than six times as much suffering and dependency as that due to industrial accidents. Workmen's accident insurance now protects the workers in case of injury; workmen's health insurance is needed to protect them against the greater hazard of sickness. The late John Mitchell, addressing the Conference of Catholic Charities shortly before his death, declared:

"Public sentiment in this country is developing rapidly in favor of universal health insurance for wage earners, including maternity benefits; and my own observation, through long experience with the ravages of accident, trade disease and sickness among working people and their families, leads me to the conviction that health insurance is even more important than workmen's compensation."

The *preventive* side of workmen's health insurance is of great importance in any discussion of sickness and poverty. This is tersely set forth by the United States Public Health Service in its health insurance report which says:

Experience has shown that insurance is an efficient method of coöperation. As defined by practically all authorities, insurance is primarily a method by which a group of persons, each singly in danger of some loss, the incidence of which cannot be exactly foreseen, can distribute such loss, when it occurs to any of them over the whole group and in such a way that the burden of expense will be lightened of its most serious effects. Secondly, and of equal importance, insurance means that the strongest of incentives—that of lessening cost—is given to efforts to diminish the frequency and the seriousness of losses. In this latter sense insurance is a *preventive* measure of a positive and direct sort. It cannot be denied that fire insurance has been one of the most potent factors in the now well-organized movement for the prevention of fires. Marine insurance has resulted in more rigid inspection of vessels, the erection of lighthouses, and in many other measures designed to lessen the chance of wreck. Liability and compensation legislation—which is but another name for the insurance of employes against accidents—has resulted in the nation-wide movement for "safety first." . . . Experience has shown in all instances that while the distribution of cost is primarily the *method*, prevention is primarily the *purpose* of insurance, and certainly its *result*.

So, in the same way that workmen's compensation has stimulated the great "safety first" campaign, workmen's health insurance laws may be counted upon to result in a great "health first" movement—for the simple and compelling reason that "it pays."

Finally, is it not significant that a majority of the eleven official state commissions, upon the results of their recent investigations into sickness conditions among workers, have strongly urged the adoption of workmen's health insurance laws? And is it not also significant that the greatest industrial nations of the world, with the single exception of the United States, facing the same serious problems, have found a successful remedy in compulsory health insurance?